

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

FIRST-CLASS MAIL AND PERIODICALS
SERVICE STANDARD CHANGES, 2021

Docket No. N2021-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE WITNESS ROBERT
CINTRON TO STEVE HUTKINS' INTERROGATORIES
(SH/USPS-T1-1-7)
(May 25, 2021)**

The United States Postal Service hereby provides its responses to Steve Hutkins' Interrogatories to United States Postal Service Witness Cintron, issued on May 18, 2021. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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May 25, 2021

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO
STEVE HUTKINS' INTERROGATORIES**

SH/USPS-T1-1: Please refer to your testimony, p. 35, lines 4-11, where you state the following:

At the same time, its standards should also be aligned to improve predictability and reliability, by considering the Postal Service's operational capabilities. Data on service performance from recent years confirms that the standards currently in place have not aligned closely with actual performance. With the changes proposed in transportation that are enabled by these changes, the Postal Service will be able to significantly improve its service reliability. As noted above, we expect to set service performance targets at 95 percent once the new service standards are in place, and we expect to meet or exceed those standards on a consistent basis.

Please confirm that based on this statement it would be reasonable to conclude that one of the goals of the proposed change in standards is to achieve performance scores that are "predictable," "reliable," and "consistent," and that reaching a target score of 95 percent would be an indication that such a goal has been achieved. If not confirmed, please explain.

RESPONSE:

Confirmed.

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SH/USPS-T1-2: Please refer to the following table, which shows service performance for First Class mail during the six quarters prior to April 2020, i.e., before the effects of the pandemic could be expected to have impacted performance.¹

On-Time Service Performance, First Class Mail, FY19 and FY20 Q1-Q2, with variance scores													
		Overnight				Two-Day				Three-To-Five-Day			
		Percent on time	Percent Within +1-Day	Percent Within +2-Days	Percent Within +3-Days	Percent on time	Percent Within +1-Day	Percent Within +2-Days	Percent Within +3-Days	Percent on time	Percent Within +1-Day	Percent Within +2-Days	Percent Within +3-Days
FY19	Pre-Sort	95.7	98.5	99.2	99.4	94.3	98	99	99.4	92.1	97.4	98.8	99.3
FY19	Single Piece	N/A	N/A	N/A	N/A	92.5	97.3	98.5	99.1	81.4	93.9	97.2	98.4
FY20 Q1-2	Pre-Sort	95.4	98.3	99	99.4	94.2	98	99	99.4	92.1	97.5	98.8	99.3
FY20 Q1-2	Single Piece	N/A	N/A	N/A	N/A	92.9	97.4	98.6	99.1	81.1	94.1	97.3	98.5

Please confirm that for pre-sort mail all scores for “percent within +1 day” are 98 percent or greater, that for single-piece 2-day mail all scores for “percent within +1 day” are greater than 97 percent for 2-day mail, and that for single-piece 3-5 day mail, all scores for “percent within +2 day” are greater than 98 percent.

RESPONSE:

Not confirmed.

¹ This table draws from the quarterly performance reports for single-piece and pre-sort First Class mail for FY19 Q4 (submitted Nov. 12, 2019) and for FY20 Q2 (submitted May 11, 2020), each of which shows year-to-date data.

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SH/USPS-T1-3: Please discuss why and/or how the scores in this table (SH/USPS-T-1-2) do not represent service that is "predictable," "reliable," and "consistent," and why mailers, who have ready access to these performance reports on the PRC website, would not be able to predict, with a reasonable level of certainty, what percentage of their mail will be delivered within a day or two of the expected day of delivery.

RESPONSE:

The service standards are designed to set customer expectations. Based on the scores in the table referenced in SH/USPS-T1-2, it is clear the Postal Service is not meeting the current service standards at a 95% on-time performance, with the exception of Overnight Pre-Sort. This table would allow mailers to assess expected performance outcomes against the service standards; however, service performance tables are not expected to be used in place of service standards.

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SH/USPS-T1-4: Please refer to Library Reference USPS-LR-N2021-1-9, Excel sheet "LR-N2021-1-9.xlsx" (May 17, 2021), which shows that the current average delivery days is 2.5693 days and under the proposed changes to service standards it will increase 18.74 percent to 3.008 days. Please also refer to the following table, which shows on-time and variance scores for FY19 and FY20 Q1-2, compared with what the Postal Service hopes to achieve under the proposal, i.e., a target of 95 percent on time.

Service performance scores in FY19-FY20 Q1-2 and projected targets under proposed standards								
FY19-FY20 Q1-2		2-Day		3-5-Day				
		Percent on time	Percent Within +1-Day	Percent on time	Percent Within +1-Day	Percent on time	Percent Within +1-Day	Percent Within +2-Days
Days Since Entered		Day 2	Day 3	Day 3	Day 4	Day 3	Day 4	Day 5
FY19	Pre-Sort	94.3	98	92.1	97.4	92.1	97.4	98.8
FY19	Single Piece	92.5	97.3	81.4	93.9	81.4	93.9	97.2
FY20 Q1-2	Pre-Sort	94.2	98	92.1	97.5	92.1	97.5	98.8
FY20 Q1-2	Single Piece	92.9	97.4	81.1	94.1	81.1	94.1	97.3
Under Proposed Standards		2-Day Shifting to 3-Day		3-Day Shifting to 4-Day		3-Day Shifting to 5-Day		
		Percent Within -1-Day	Percent on time	Percent Within -1-Day	Percent on time	Percent Within -2-Day	Percent Within -1-Day	Percent on time
Days Since Entered		Day 2	Day 3	Day 3	Day 4	Day 3	Day 4	Day 5
Projected (Composite, Pre-sort and Single Piece)		N/A	95	N/A	95	N/A	N/A	95

Please discuss why mailers and recipients should prefer a longer average delivery time and the performance targets for the proposed service standards over these actual scores, which show, in almost each case, a larger percentage of the mail being delivered by the same day since entered.

RESPONSE:

The proposal better aligns expectations, set by the service standard, to the capability of the system, while also allowing the system to become more efficient. This table shows the Postal Service is not meeting the current service standards at a 95% on-time performance. The other components to consider are the expected financial benefits for the organization and alignment with the 10-year plan that is designed to sustain the viability of the Postal Service.

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SH/USPS-T1-5: Please refer to witness Hagenstein's testimony, N2021-1 USPS-T-3, p. 25, lines 7-10, where he states that "the number of 3-digit OD Pairs that utilize air transportation is expected to decrease from 354,705 to 277,932." Please also refer to his testimony page 21, lines 1-3, where he indicates that 315,051 pairs will be downgraded from a 3-day standard to 4-day and 141,253 will be downgraded to a 5-day standard. Please explain in detail why the Postal Service plans to downgrade nearly 380,000 pairs from 3-day to 4 and 5-day when the approved mode of transportation for these pairs will remain air.

RESPONSE:

The service standards rules will be set based on drive time, not the transportation mode assigned to a particular lane. The expectation to the public should be that the longer the distance the mail piece has to travel, the longer the service standard. The Postal Service can, and will, change modes between lanes, as needed. Service standards based on mode would not provide consistent service standards to the public. Setting a service standard by the transportation mode would likely result in low volume areas that would not justify surface transportation receiving a different service standard compared to higher-volume population centers. Setting standards based on current decisions around the appropriate mode for a lane could also lock in that particular mode for that particular lane, and prevent the Postal Service from adjusting to changing circumstances

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SH/USPS-T1-6: Please refer to your testimony, p. 28, lines 18-22, where you state, "Finally, after extending service standards by one or two days within the contiguous United States, the Postal Service will establish an expanded surface network for First-Class letters and flats, capable of reaching coast to coast." Please confirm that this statement, along with the fact that the proposed service standards are based largely on drive-times between facilities, indicates that the Postal Service plans to eventually shift all, or nearly all, First Class mail within the contiguous United States to surface transportation, including mail going coast-to-coast. If not confirmed, please explain what the statement means.

RESPONSE:

Not confirmed. The Postal Service will maximize the lowest-cost transportation solutions that can also achieve consistency of performance with service standards. Origin and destination lanes, evaluated as being capable of being serviced within the proposed service standards by surface transportation at a lower cost than air transportation, will be transported by surface.

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SH/USPS-T1-7: Please discuss why the plan presented to the Commission shows only a relatively small portion (about 20 percent) of the 385,009 OD pairs currently approved for air transport being shifted from air to surface and what the Postal Service's has planned with respect to transitioning the remaining pairs from air to surface, including the plan's phases, time frames, and number of pairs per phase.

RESPONSE:

The modeled change from air to surface modes was determined based on cost. As the distance increases, greater volume is required between the pairs to justify shifting from air to surface. As described in the 10-year plan, the Postal Service is planning on transforming Network Distribution Centers (NDCs) to Regional Distribution Centers (RDCs) to handle increased package demand. NDCs will be dedicated to package processing and all other products will shift out of the NDC to P&DCs and STCs. For this to occur, a surface network must transition from NDC to NDC to P&DC to P&DC (via STC) to support the volumes currently transported between the NDCs. Once the coast to coast surface network is established, there will be additional opportunity to shift air OD pairs and volume from air to surface.